

VZCZCXRO9727
RR RUEHAST RUEHHM RUEHLN RUEHMA RUEHPB RUEHPOD RUEHTM
DE RUEHHI #1261/01 3180905
ZNR UUUUU ZZH
R 130905Z NOV 08
FM AMEMBASSY HANOI
TO RUEHC/SECSTATE WASHDC 8724
INFO RUEHHM/AMCONSUL HO CHI MINH 5290
RUEHBK/AMEMBASSY BANGKOK 6505
RUEHUL/AMEMBASSY SEOUL 3379
RUEHGP/AMEMBASSY SINGAPORE 2674
RUEHKO/AMEMBASSY TOKYO 5931
RUEHIN/AIT TAIPEI 1627
RUEHZN/ENVIRONMENT SCIENCE AND TECHNOLOGY COLLECTIVE
RHMFIUU/HQ EPA WASHINGTON DC
RUCPDO/DEPT OF COMMERCE WASHINGTON DC
RUEAWJA/DEPT OF JUSTICE WASHINGTON DC

UNCLAS SECTION 01 OF 04 HANOI 001261

SENSITIVE
SIPDIS

DEPT FOR EAP/MLS, OES AND INL
DEPT PASS USAID TO LAC/RSD, LAC/SAM, G/ENV, PPC/ENV
JUSTICE FOR ENVIRONMENT AND NATURAL RESOURCES (JWEBB)
EPA FOR INTERNATIONAL (MKASMAN)
COMMERCE FOR ITA/MAC/HONG-PHONG PHO

E.O. 12958: N/A

TAGS: [SENV](#) [TBIO](#) [ECON](#) [POL](#) [SOCI](#) [VM](#)

SUBJECT: CRIMINAL INVESTIGATION OF WASTEWATER VIOLATIONS HIGHLIGHTS
VIETNAM'S ENVIRONMENTAL CHALLENGES

REF: HANOI 981

HANOI 00001261 001.2 OF 004

11. (U) Summary. The recent targeting of Vedan Vietnam, a Taiwanese-owned manufacturer of monosodium glutamate for illegal discharges of untreated wastewater into the Thi Vai River in southern Dong Nai province, highlights the growing scope of environmental degradation in Vietnam resulting from unchecked industrial growth. However, the case may serve as a tipping point in the Vietnamese approach to environmental protection, as central and local authorities, prompted by vigorous public and media criticism, plan tough penalties for the company and plot a larger enforcement strategy. However, the Vedan case also highlights the many challenges facing Vietnamese environmental enforcement, including lax punishments, unclear authority, constant demand for economic growth, and suspicions of financially-compensated collusion between members of local governments and industries to look the other way. End Summary.

Foreign-Owned MSG Manufacturer Caught
Illegally Discharging Wastewater

12. (U) On September 15, 2008, the Ministry of Natural Resources and Environment (MONRE) announced that Vedan Vietnam, a Taiwanese-owned manufacturer of monosodium glutamate (MSG) had illegally discharged tens of thousands of meters of waste into the Thi Vai River in Dong Nai province every month for the past several years, saving the company tens of billions of dong (millions of dollars) by evading waste water processing limits. Responding to ongoing complaints from locals, the Environmental Police Department (within the Ministry of Public Security) led an inter-agency team that apparently staked out the facility for three months to gather proof of alleged violations, eventually discovering that the company had secretly installed pipes to bypass waste-water treatment facilities and by which it pumped up to 5,000 cubic meters of effluent containing post-fermentation molasses waste and solid substances into the river daily. MONRE eventually charged Vedan with failing to comply with hazardous waste management regulations, illegal discharges, failure to conduct an environmental impact assessment, and improperly increasing processing capacity.

Environmental Agencies had Looked the Other Way

13. (U) Despite the eventual inter-agency response to reports of pollution from the Vedan facility, it appears that regulators failed for years to respond to growing complaints from residents in Dong Nai province. In a recent press conference, MONRE Minister Pham Khoi Nguyen confirmed the serial nature of Vedan's violations, which polluted residential water supplies, while destroying the nearby shrimp farming industry. Local scientists claimed to have reported the ill-effects from Vedan's pollution to provincial environmental authorities in 1997, to little avail. Over the years, the Dong Nai Department of Environment and Natural Resources (DONRE) fined the plant over 20 million dong (approximately USD 1,250) for three breaches of pollution laws. In 1995, fishermen living near the Thi Vai River sued Vedan for wiping out their livelihood. Eventually, according to press reports, in 2005, Vedan paid 15 billion Vietnamese dong (approximately USD 930,000) to support aquaculture in Dong Nai and Vung Tau provinces.

VEDAN Faces Severe Penalties . . . or Does It?

14. (U) Though the Prime Minister and MONRE Minister threatened to throw the book at Vedan, punishment remains unclear. Following the Prime Minister's decision to authorize the Vietnam Environmental Protection Fund to receive environmental fines and fees, MONRE asserted that Vedan must pay 127 billion dong (approximately USD 7.7 million) in retroactive wastewater fees (roughly equal to the USD 6,000 per day Vedan saved by not operating wastewater treatment) and asked the Dong Nai DONRE to suspend Vedan's operations until the company brought its operations up to standard. MONRE also recommended that the central police consider criminal charges. However, enforcement plans quickly floundered as the Dong Nai DONRE asserted that prior MONRE actions precluded suspension and MONRE

HANOI 00001261 002.2 OF 004

backed down. Additionally, MONRE officials believe that existing laws provide authority to criminally target a company, but only allow prosecution of individuals. MONRE officials stated that they do not want to prosecute local plant officials, whom they characterized as "just staff."

Full and Frank Media Coverage

15. (U) An increasingly assertive Vietnamese media has blanketed the Vedan case, while also beginning to track similar incidents throughout the country. While frequently quoting high-ranking GVN officials, who emphasize the government's resolute response to the pollution crisis, the press has not hesitated to closely question and criticize those officials about the response to the Vedan case, highlight alleged lack of prior enforcement, emphasize disputes between local and central authorities, and quote local residents condemning government responses. Over the past few weeks, state controlled television and print media were openly critical of local environmental authorities, with a VTV report and several major dailies questioning "the role of local authorities who let [the illegal discharges to] happen right under their noses." This follows a growing pattern of harder-hitting stories on the environment, in which the press has cited "deliberate flouting of environmental regulations" in favor of economic benefits. Within the past month, Vietnamese media noted that "environmental pollution is set to assume monumental proportions" with 70 per cent of industrial zones in the country without water and solid waste management systems and 90 per cent of enterprises across the country discharging untreated waste directly into rivers and canals.

Citizens Increasingly Outspoken

16. (U) Local citizens, dissatisfied with the response to years of complaints to authorities, have become much more proactive. Moving beyond graphic descriptions of the horrific impacts of industrial pollution to their neighborhoods, and criticism of the government response, some have taken to the courts. On a recently televised question and answer session on VTV 6, young Vietnamese peppered the

GVN panelists with questions about the failure to enforce environmental provisions. (Note: At the same time, no indigenous NGOs focus on "brown" issues, instead concentrating on "green" issues like wildlife protection). The Ho Chi Minh City Farmers Association recently announced that it would file suit against Vedan for damages caused by its illegal discharges. Angry bloggers have joined the fray, questioning the competence and motivation of central and local environmental authorities and asking consumers to boycott polluters' products. Local press in Saigon reported that consumers have stopped purchasing Vedan seasonings and many supermarkets have removed them from the shelves.

Vedan not the Only Polluter on the Thi Vai River

17. (U) Despite enforcement hiccups, the Vedan case has aimed a spotlight at ongoing, massive pollution threatening waterways surrounding Vietnam's booming industrial zones (Ref Hanoi 981) Like many rivers and canals throughout the country, the Thi Vai River suffered serious contamination from toxic waste discharges over the past several years. MONRE officials stated that the river receives over 34,000 cubic meters of untreated wastewater from nearly 200 facilities every day, along with substantial discharges from residential areas and cattle farms. After complaints from local residents who claimed that contact with river water caused skin rashes, VEPA recently reported that a 10 kilometer section of the Thi Vai River was totally "dead" due to pollution from a nearby Industrial Park. Local scientists predict the entire 40 kilometer river may suffer from severe pollution by 2010. Worsening pollution has also caused losses to enterprises as Singaporean and Japanese cargo ships, which make up over one-third of total cargo capacity, refused to dock in June at Go Dau Port where the Thi Vai River meets the East Sea after several Japanese vessels reported that pollution (possibly from concentrated organic pollutants or heavy metal salts) removed paint and decreased hull thickness by eight millimeters

HANOI 00001261 003.2 OF 004

(about one third of an inch) over a five day period.

Environmental Agencies Now Finding Pollution Everywhere

18. (U) Soon after the Vedan case erupted, the media reported on several other pollution incidents. In mid-September, MONRE found another two other factories on Thi Vai river, the locally-owned My Xuan Paper Factory and Tien Dat Seafood Company, also improperly discharged wastewater directly into the river. In mid-July, police in the south-central province of Khanh Hoa caught shipyard Hyundai Vinashin, a joint venture of Korea's Hyundai Group and the Vietnam Shipbuilding Industry Corporation, attempting to dump waste near a residential area. In early October, the Dong Nai Environmental Police Department reported that it discovered the Civic Washing Company, a Vietnamese-Taiwanese joint venture at Bien Hoa 1 Industrial Park bypassing the park's wastewater treatment plant to discharge directly into a local waterway. In Hanoi, local media reported that Miwon Vietnam, a South Korean owned condiments manufacturer, illegally pumped wastewater into the Red River. The company acknowledged it had exceeded legal limits but stated that it had voluntarily reported the discharges and had previously hired a government-affiliated contractor to build a wastewater treatment system - which did not work. Following public criticism from the municipal legislature earlier in the month, in mid-October, the Ho Chi Minh City DONRE raided the Hao Duong leather company for releasing untreated carcinogenic effluents into the Dong Dien river beginning in 2005.

GVN Officials Now Talking the Talk

19. (U) The recent outcry over pollution has caused some government officials to question policies centered almost exclusively on economic growth. During the October Vietnamese National Assembly sessions, many deputies highlighted the unsustainable burden placed on the environment from unchecked growth, criticized environmental officials for lack of responsiveness to public complaints, and stated that current punishments are insufficient to deter illegal

behavior. Eager to avoid blame, central officials, including MONRE Minister Pham Khoi Nguyen, publicly criticized local officials for looking the other way and discussed a possible investigation of their role in the Vedan scandal. On the GVN website in October, Prime Minister Dung told local authorities to ensure the compatibility of economic development and environmental protection (Note: In an ironic twist, in 2001, the Prime Minister awarded now-maligned Vedan Vietnam's first "Distinguished Tax Payer of the Year Award.") Officials at the Vietnam Environmental Protection Agency (VEPA) stated that excessive focus on economic growth and a disregard for its environmental fallout was a main reason for the recent spate of pollution incidents. Yet, at the same time, GVN officials remain under great pressure to ensure constant economic growth. Soon after announcing a stronger MONRE enforcement program, Minister Nguyen noted to the press that he had received many calls from local officials asking him to lower environmental standards to attract foreign investors.

Comment: But Will They Walk the Walk?

110. (SBU) Now comes the tricky part. Claiming a commitment to environmental protection is not difficult. Acting on that commitment is. While Vietnamese officials are sensitive to increasing public dissatisfaction with environmental pollution, their top priority has long been economic growth. To date, GVN and provincial officials have not been willing to sacrifice industrial development or foreign investment for environmental protection. Expected tough economic times may make it even more difficult to upgrade Vietnamese environmental enforcement. And the ever-present role of corruption further weakens the commitment to mitigating pollution. Nevertheless, public pressure continues to grow. Following the path of the Asian Tigers and China, as Vietnam becomes more affluent, its people will lobby for a better quality of life. The GVN needs to realize that failure to address these concerns will have economic, social, and national security consequences.

HANOI 00001261 004.2 OF 004

111. (U) This cable has been coordinated with Consulate General Ho Chi Minh City.

MICHALAK